

6/14/12 Permit Fee Increases

My name is Stuart Harry Hersh, and like most in Austin I rent. As a consultant who deals with plan review and inspection regularly and as a former City employee who worked to perform services more responsively without a fee increase, I am here to support increasing staffing as recommended to you today, but not to increase building permit fees to do so.

If you pass these fee increases today, you will raise building permit fees beyond the services you intend to provide and provide currently to subsidize review activities and subdivision and site inspections where the fees you charge do not, and have not historically, covered your service levels. The case law I reviewed as one of your long time employees suggests that anyone who would challenge these fees would prevail in court and you would eventually either have to reduce fees or increase staff to higher levels. This is apparently a risk your consultant has not considered.

Why is this happening? You are making a decision based on a study that has not been available for review and comment by the public.

You have been told that our building permit fees are lower than other cities. That is correct, because our fees are based on the costs of inspection rather than dollar valuation for new construction. It doesn't cost more to inspect a metal roof that costs three times as much as a shingle roof. For more than 30 years Austin has based its building permit fees based on the size of the building and its use. Houses are more complex than metal warehouses of the same size than are more complex than a highly equipped manufacturing facility of the same size. If your consultant had talked to stakeholders who understand this, you would have not received bogus information and an inappropriate recommendation on building permit fees.

You have been told that fees have not been raised since 1993, and this is only partially true. The fees you used to charge in 1993 have not been raised, but new fees have been added, and believe me they are not waived. We now pay a \$350 monthly fee for a temporary certificate of occupancy for the privilege of enhancing non-life safety elements of a project such as delaying landscaping during the hottest months of the year or completing/enhancing our Green Building elements. We have to hire third party inspectors to check our building for energy performance when this mandate used to help get us a 4 Energy Star rating.

The public was told when you passed the Commercial Design Standards and the McMansion Ordinance that there was no fiscal impact and no staff needed to be added. The backup for these items is on your own website. But more complex regulations require more time to review and inspect, and result in more failed reviews and inspections. And you never budgeted for this in the past. Actually, smaller houses produce less fee revenue and less property taxes over time. So if staff had been accurate, you would have told you that your General Fund revenue would decline and your cost of review and inspection would increase.